

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 4345-01
BILL NO.: HB 1977
SUBJECT: Revenue Department: Tobacco Settlement
TYPE: Original
DATE: March 9, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$135,420,621)	(\$162,447,798)	(\$164,044,888)
Total Estimated Net Effect on <u>All</u> State Funds	(\$135,420,621)	(\$162,447,798)	(\$164,044,888)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Mental Health, Department of Health, Department of Social Services**, and the **Department of Revenue** stated that their agencies would not be materially affected by the proposal or that they could accomplish duties under terms of this proposal with existing resources.

Estimates of amounts Missouri will receive from the Master Settlement Agreement are ranged from estimates made by the Office of Administration - Division of Budget and Planning to estimates published by the National Governors Association (NGA).

Budget and Planning's estimates assume upward inflation adjustments of three percent (3%) to each years annual payment and downward volume adjustments of 10% in 2000, 12.7% in 2001, 14.9% in 2002, and 16.6% in 2003. These volume adjustment assumptions are those recommended by Federal Funds Information for States and are based on estimates developed by Standard and Poors.

The NGA figures do not include any offsets, reductions or adjustments; therefore, Oversight has included a 3% per year inflation adjustment.

For purposes of simplifying the fiscal note, **Oversight** has used the estimates of the Office of Budget and Planning. Please see the attachment for complete schedules of ranges of estimates.

Oversight Division assumes that the settlement proceeds would be credited to the General Revenue Fund and that distributions to county boards would be made from that Fund. Oversight also assumes that elections of members of county boards would take place on lawful election dates and would not cause counties to have expenses for special elections.

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
GENERAL REVENUE FUND			
<u>Cost</u> - Distributions to Counties	(\$135,420,621)	(\$162,447,798)	(\$164,044,888)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$135,420,621)</u>	<u>(\$162,447,798)</u>	<u>(\$164,044,888)</u>

FISCAL IMPACT - Local Government FY 2001 FY 2002 FY 2003

COUNTIES

<u>Income</u> - Distributions from State	\$135,420,631	\$162,447,798	\$164,044,888
<u>Cost</u> - Programs and Grants	(\$135,420,631)	(\$162,447,798)	(\$164,044,888)

ESTIMATED NET EFFECT ON COUNTIES	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal would require the Department of Revenue to distribute moneys received from the Tobacco Settlement Agreement to counties on a pro-capita basis using population as determined by the 2000 census.

The proposal would require each county to elect a 5-member board to appropriate the moneys received and would specify uses for the moneys.

The proposal would become effective upon the passage of a constitutional amendment authorizing disbursement of Tobacco Settlement moneys.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. This proposal would not directly affect Total State Revenue.

L.R. NO. 4345-01
BILL NO. HB 1977
PAGE 4 OF 5
March 9, 2000

SOURCES OF INFORMATION

Department of Mental Health
Department of Health
Department of Revenue
Department of Social Services

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA
Director
March 9, 2000

Year	OA - B&P	Governors Association	3% CPI Increase
1998	\$54,590,426	\$54,590,426	\$54,590,426
1999	\$0	\$0	\$0
2000	\$129,451,392	\$145,841,736	\$150,216,988
2001	\$135,420,621	\$157,485,647	\$167,076,523
2002	\$162,447,798	\$189,094,295	\$206,623,336
2003	\$164,044,888	\$190,883,868	\$214,820,705
2004	\$143,399,390	\$159,313,061	\$184,659,769
2005	\$144,834,156	\$159,313,061	\$190,203,864
2006	\$146,278,082	\$159,313,061	\$195,907,271
2007	\$147,740,792	\$159,313,061	\$201,785,923
2008	\$164,693,218	\$175,833,051	\$181,916,875
2009	\$166,353,707	\$175,833,051	\$236,266,871
2010	\$168,003,541	\$175,833,051	\$243,352,943
2011	\$169,675,393	\$175,833,051	\$250,667,598
2012	\$171,378,869	\$175,833,051	\$261,340,664
2013	\$173,100,158	\$175,833,051	\$265,929,906
2014	\$174,833,563	\$175,833,051	\$273,895,144
2015	\$176,602,091	\$175,833,051	\$282,124,130
2016	\$178,364,609	\$175,833,051	\$290,581,700
2017	\$180,168,255	\$175,833,051	\$299,303,019
2018	\$188,424,839	\$182,059,072	\$319,204,171
2019	\$190,339,585	\$182,059,072	\$328,780,478
2020	\$192,257,965	\$182,059,072	\$338,629,874
2021	\$194,207,025	\$182,059,072	\$348,788,770
2022	\$196,152,138	\$182,059,072	\$359,257,167
2023	\$198,156,125	\$182,059,072	\$370,035,064
2024	\$200,180,829	\$182,059,072	\$381,140,667
2025	\$202,222,663	\$182,059,072	\$392,573,977
Total	\$4,513,322,118	\$4,589,951,302	\$6,989,673,821